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Attorney General Ford Recommends Help for Homeowners Affected by COVID-19

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*Bipartisan coalition of attorneys general suggests actions to deal with unprecedented disruption to the mortgage market*

**Carson City, NV** – In the wake of the COVID-19 pandemic, Attorney General Aaron D. Ford and a coalition of 34 attorneys general recommended actions to help homeowners in letters sent to the Federal Housing Finance Administration (FHFA) and the Department of Housing and Urban Development (HUD).

The attorneys general applauded federal efforts to suspend evictions and foreclosures, and expressed appreciation for additional forbearance and foreclosure relief provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The coronavirus-relief legislation, which was signed by President Trump on March 27, provides protections for homeowners whose loans are backed by Fannie Mae and Freddie Mac or other federal entities.

“COVID-19 will present unprecedented challenges to homeowners and the mortgage servicing industry, and protecting Nevadans’ most important asset—their homes—is of critical importance,” **said AG Ford**. “These recommendations will help millions of American homeowners avoid delinquency and limit the potentially disastrous strain on the mortgage servicing industry, especially here in Nevada. We’re asking all financial institutions and servicers to work with borrowers who cannot meet their obligations because of the pandemic.”

As part of the CARES Act, FHFA and HUD have already adopted streamlined processes for borrowers affected by COVID-19 to enter into forbearance plans, which allow borrowers to pause mortgage payments for a limited period of time. At this time,

once the forbearance period ends, borrowers are being asked to either repay the missed payments in a lump sum or enter into a more permanent loss mitigation solution. Nevada may be one of the most severely impacted states. Because an unprecedented number of borrowers will need help and those borrowers will all seek help at essentially the same time, the letters recommend moving the missed payments to the back of the loan term. This would allow immediate relief for homeowners and simultaneously limit the strain on the mortgage servicing industry.

Under the recommended procedures, borrowers would be excused from being asked to immediately repay the missed payments in a lump sum at the end of the forbearance plan. This issue is causing considerable borrower confusion and concern.

The letters recommend that:

- The FHFA and HUD should issue guidance revising their forbearance programs so that forbore payments are placed at the end of the loan's term;
- The FHFA and HUD should expand eligibility for disaster relief loss mitigation programs; and
- The FHFA and HUD should clarify that the moratorium on foreclosures and evictions applies to all aspects of the foreclosure or eviction process. This includes issuing pre-foreclosure and acceleration notices, posting or publishing any notices, filing or proceeding with motions beyond continuances, or taking any other foreclosure or eviction action during the moratorium.

The protection of the CARES Act applies only to federally backed mortgages, which make up approximately 62 percent of the mortgage market. Borrowers who are not covered should contact their mortgage servicer, the company they send their monthly payment to, in order to determine whether it is offering any relief during the pandemic.

In addition to Nevada, other states that participated in this letter include: California, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Hawaii, Idaho, Illinois, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nebraska, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Dakota, Tennessee, Vermont, Virginia, Washington, West Virginia and Wisconsin.

The issued letter is attached.

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